

January 15, 2004

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the second quarter of Fiscal Year 2004 ending December 31, 2003.

FISCAL MATTERS

<i>FY 2004 – SECOND QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 3,976,000	\$ 1,794,852	\$ 0	\$ 2,181,148
Employee Retire. (Employer)	159,000	66,709	0	92,291
State Retirement	534,300	239,838	0	294,462
Social Security	304,200	130,412	0	173,788
Contractual Services	653,300	235,046	207,414	210,840
Travel	95,000	24,294	0	70,706
Commodities	20,000	4,022	0	15,978
Printing	22,000	10,928	0	11,072
Equipment	50,000	5,685	23,803	20,512
EDP	75,000	17,865	6,050	51,085
Telecommunications	75,000	22,079	0	52,921
Oper. of Auto. Equip.	5,000	2,036	0	2,964
Audits/Studies/Invest.*	<u>14,123,715</u>	<u>3,851,448</u>	<u>5,307,314</u>	<u>4,964,953</u>
TOTAL	<u>\$20,092,515</u>	<u>\$6,405,214</u>	<u>\$5,544,581</u>	<u>\$8,142,720</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<i><u>10-01-03</u></i>	<i><u>Appointments</u></i>	<i><u>Separations</u></i>	<i><u>Transfers</u></i>	<i><u>12-31-03</u></i>
Springfield	63	1	1	0	63
Chicago	06	0	0	0	06
TOTAL	<u>69</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>69</u>

CONTRACTS

During the second quarter of Fiscal Year 2004 the Office of the Auditor General entered into five financial/compliance audit contracts, two information systems audit contracts and two administrative contracts.

TRAINING

Internal training for the second quarter of 2004 included:

- The Impact of Early SAS No. 99 Implementation
- Comprehensive Annual Financial Report Overview

Additional external training in which staff participated included:

- IT Project Management
- IT Security Governance
- Training the Trainer
- Security Decisions Conference
- Dreamweaver MX Basic
- CAMP IT Expo
- Disaster Recovery Testing
- High Impact Auditing
- Establishing and Maintaining a Proactive, Privacy Compliant Organization

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Management Audit: DCMS' Administration of the State's Space Utilization Program (<i>LAC No. 126</i>)	Winter 2004
<ul style="list-style-type: none">• Financial, Management, and Program Audit of Rend Lake Conservancy District (<i>PA 93-275</i>)	Summer 2004
<ul style="list-style-type: none">• Program Audit: Department of Human Services, Office of Inspector General (<i>PA 93-636</i>)	Fall 2004

REGIONAL OFFICES OF EDUCATION AUDITS

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers.

FINANCIAL & COMPLIANCE AUDITS

The following is a listing of financial and compliance audits for the period(s) ending June 30, 2003, September 30, 2003, December 31, 2003, and April 30, 2004. As the year progresses the “date released” column will be completed.

***FINANCIAL & COMPLIANCE AUDITS
FOR THE PERIOD(S) ENDING JUNE 30, 2003,
SEPTEMBER 30, 2003, DECEMBER 31, 2003,
AND APRIL 30, 2004***

F = Financial

C = Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center			
Arts Council and Foundation			
Attorney Registration and Disciplinary Commission			
Board of Admissions to the Bar			
Board of Higher Education			
Bureau of the Budget			
Capital Development Board			
Center for Rehabilitation and Education			
Chester Mental Health Center			
Chicago Read Mental Health Center			
Chicago State University			
Chicago State University Foundation			
Choate Mental Health Center			
Civil Service Commission			
Commission on Intergovernmental Cooperation			
Comptroller – Fiscal Officer			
Correctional Industries			
Court of Claims			
Criminal Justice Information Authority			
DCMS – Deferred Compensation Plan – 12/31/03			

FINANCIAL & COMPLIANCE AUDITS

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Deaf and Hard of Hearing Commission			
Department of Agriculture			
Department of Central Management Services			
Department of Children and Family Services			
Department of Employment Security			
Department of Human Rights			
Department of Human Services – Central Office			
Department of Insurance			
Department of Labor			
Department of Lottery			
Department of Nuclear Safety			
Department of Professional Regulation			
Department of Public Aid			
Department of Public Health			
Department of Revenue			
Department of Transportation			
Distance Learning Foundation			
Drycleaner Environmental Restoration Trust Fund Council			
DuPage Water Commission (04/30/04)			
DuQuoin State Fair (09/30/03)			
Eastern Illinois University			
Eastern Illinois University Alumni Association			
Eastern Illinois University Foundation			
Economic and Fiscal Commission			
Educational Labor Relations Board			
Elgin Mental Health Center			
Emergency Management Agency			
Fox Developmental Center			

FINANCIAL & COMPLIANCE AUDITS

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
General Assembly			
General Assembly Retirement System			
Governors Commission on the Status of Women			
Governors State University			
Governors State University Alumni Association			
Governors State University Foundation			
Guardianship and Advocacy Commission			
High School Association			
Housing Development Authority			
Howe Developmental Center			
Human Rights Commission			
Illinois Building Commission			
Illinois Commerce Commission			
Illinois Conservation Foundation			
Illinois Council on Developmental Disabilities			
Illinois Developmental Finance Authority (06/30/03)			
Illinois Developmental Finance Authority (12/31/03)			
Illinois Educational Facilities Authority (06/30/03)			
Illinois Educational Facilities Authority (12/31/03)			
Illinois Environmental Protection Agency			
Illinois Farm Development Authority (06/30/03)			
Illinois Farm Development Authority (12/31/03)			
Illinois Grain Insurance Corporation			
Illinois Health Facilities Authority (06/30/03)			
Illinois Health Facilities Authority (12/31/03)			
Illinois Labor Relations Board			
Illinois Liquor Control Commission			
Illinois Math and Science Academy and Fund			

FINANCIAL & COMPLIANCE AUDITS

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Illinois Petroleum Resources Board			
Illinois Racing Board			
Illinois Rural Bond Bank (06/30/03)			
Illinois Rural Bond Bank (12/31/03)			
Illinois Sports Facilities Authority (09/30/03)			
Illinois State Fair (09/30/03)			
Illinois State University			
Illinois State University Foundation			
Illinois Student Assistance Commission			
Illinois Supreme Court			
Industrial Commission			
Jacksonville Developmental Center			
Judges Retirement System			
Kankakee River Valley Area Airport Authority			
Kiley Developmental Center			
Legislative Audit Commission			
Legislative Printing Unit			
Legislative Reference Bureau			
Legislative Research Unit			
Lincoln Developmental Center			
Literacy Foundation			
Ludeman Developmental Center			
Mabley Developmental Center			
Madden Mental Health Center			
McFarland Mental Health Center			
Metro. Pier and Exposition Authority			
Murray Developmental Center			
Northeastern Illinois University			

FINANCIAL & COMPLIANCE AUDITS

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Northeastern Illinois University Foundation			
Northern Illinois University			
Northern Illinois University Alumni Association			
Northern Illinois University Foundation			
Office of the Governor			
Office of the Lieutenant Governor			
Pension Laws Commission			
Prairie State 2000 Authority			
Rend Lake Conservancy District (04/30/04)			
School for the Deaf			
School for the Visually Impaired			
Secretary of State			
Shapiro Developmental Center			
Singer Mental Health and Developmental Center			
Southern Illinois University			
Southern Illinois University Carbondale – Alumni Assoc.			
Southern Illinois University Carbondale – Foundation			
Southern Illinois Univ. Edwardsville – Alumni Assoc.			
Southern Illinois University Edwardsville – Foundation			
Southern Illinois University Physicians and Surgeons			
Southern Illinois University Research Park			
Southern Illinois University – University Park			
Space Needs Commission			
State Board of Education			
State Board of Elections			
State Board of Investment			
State Employees’ Retirement System			
State Universities Retirement System			

FINANCIAL & COMPLIANCE AUDITS

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Statewide Single Audit			
Summer School for the Arts			
Teachers' Retirement System			
Teachers' Pension and Retirement System – Chicago			
Tinley Park Mental Health Center			
Toll Highway Authority			
Treasurer – Bright Start College Savings Pool			
Treasurer – Fiscal Officer			
Treasurer – Illinois Funds			
Treasurer – Non-fiscal officer			
Universities Civil Service Commission			
University of Illinois			
University of Illinois Alumni Association			
University of Illinois Foundation			
University of Illinois – Prairieland Energy, Inc.			
University of Illinois - -Research Park LLC			
University of Illinois – Ventures LLC			
University of Illinois – Wolcott Wood & Taylor, Inc.			
Western Illinois University			
Western Illinois University Foundation			
Zeller Mental Health Center			

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial and compliance audit for the period ending June 30, 2003.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2004</i>	
•	Department of Agriculture
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Employment Security
•	Department of Human Services
•	Department of Professional Regulation
•	Department of Public Aid
•	Department of Revenue
•	Department of Transportation
•	Governors State University
•	Illinois Commerce Commission
•	Illinois Criminal Justice Information Authority
•	Illinois Industrial Commission
•	Illinois State University
•	Illinois Student Assistance Commission
•	Illinois Supreme Court
•	Office of the Comptroller
•	State Board of Elections
•	State Universities Retirement System of Illinois
•	University of Illinois

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the second quarter of Fiscal Year 2004 and it contains fifty filings with this Office.

CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive prior to January 1, 1992. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the second quarter of Fiscal Year 2004, the Auditor General received no new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

WILLIAM G. HOLLAND
Auditor General